



THE VIRGINIA STATE BANKER

Regulatory News for Virginia State-chartered Banks
State Corporation Commission - Bureau of Financial Institutions
Commissioner E.J. Face, Jr.
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The Virginia State Banker is published quarterly by the Virginia Bureau of Financial Institutions to provide useful information to the banks and savings institutions that it regulates, and any of their related interests. Reader comments and suggestions are welcome and should be addressed to:

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Commissioner Face, Nick Kyros, John Crockett, Jane Owen, and Joyce Tinsley.



2000 GENERAL ASSEMBLY

This year the Bureau of Financial Institutions requested two bills, one clarifying the unlawful use of the name *bank*, *trust company*, etc. (Code § 6.1-112); and one deleting the statutory requirement that the Bureau make and publish annually an analysis and recapitulation of the reports of consumer finance/small loan licensees (Code § 6.1-301). The State Corporation Commission put forth twenty legislation proposals in total, mostly recommending technical changes.

The Bureau reviewed and/or commented on numerous bills and resolutions affecting financial institutions; bills included payday lending, non-profit debt counseling agencies, credit union fiduciary accounts, privacy, Uniform Commercial Code, credit cards, small business loans, insurance, etc. Virtually any legislation having any effect on financial institutions was perused by Commission and Bureau staff. The Bureau is always mindful, though, that public policy-making is the province of the General Assembly. Nevertheless, staff is always ready and prepared to offer help and comments when asked.

Bureau staff has already begun work on House Resolution 14 which requires the Bureau to compile information regarding the fees and charges assessed by revolving credit card issuers doing business in the Commonwealth.

Even though the 2001 General Assembly does not convene until January, Bureau representatives met in April to begin discussing legislation carried over from the 2000 General Assembly.

STATE REGULATORS MEET IN WASHINGTON



From March 14 through 17, 2000, Commissioner Face attended the Conference of State Bank Supervisors (CSBS) Annual Congressional Fly-In and quarterly Board of Directors Meeting held in Washington, D.C. State bank supervisors discussed a number of important issues including the Gramm-Leach-Bliley Act, federal preemption of state laws by the OCC and OTS, privacy, internet bank chartering and regulation, payday lending, state bank examination fees proposed by the Clinton administration, the need for a full Board of Directors at the FDIC, bankruptcy, electronic signatures, money laundering, and many other issues.

Meetings were held with Congressman **James A. Leach** (R-Iowa) Chairman, House Banking Committee; Congressman **John J. LaFalce** (D-New York), ranking Democrat on the House Banking Committee; Congresswoman **Marge Ronkema** (R-New Jersey), member, House Banking Committee; and Congressman **J. C. Watts, Jr.** (R-Oklahoma), to discuss all the issues.

Other meetings on the issues were held with **Wayne Abernathy**, Senate Banking Committee Chief of Staff and **Laurie Schaffer**, Assistant Staff Director, House Banking Committee.

CSBS also hosted a reception and dinner for state bank commissioners and guests. Guests attending the reception and dinner were **Alan Greenspan**, Chairman, Federal Reserve Board; **Donna Tanoue**, Chairman, FDIC; **Ellen Seidman**, Director, Office of Thrift Supervision; **Andrew "Skip" Hove**, Director, FDIC; and other senior regulatory agency and congressional staff members.

Attendance and participation by these prominent policymakers are true indications of the support and importance of the state charter in our dual banking system.

NEW STATE BANKS



The State Corporation Commission approved Hanover Bank, located in Mechanicsville, Virginia, on March 29, 2000. The bank is a subsidiary of Eastern Virginia Bankshares, Inc. The bank's Chief Executive Officer is **William E. Martin, Jr.**

Citizens Community Bank, South Hill opened on December 13, 1999. The bank's Chief Executive Officer is **James H. Wells.**

In addition, Valley Bank, N.A. converted to a State-chartered bank, called Valley Bank on March 1, 2000. The Bank's Chief Executive Officer is **Ellis L. Gutshall.**



BANK BRANCH APPLICATION PROCESSING TIME REDUCED

The application processing time for establishing or relocating bank branches has been further reduced thanks to a 1999 amendment of the Code of Virginia and expedited procedures established by the Bureau of Financial Institutions.

An amendment of § 6.1-39.3 of the Code of Virginia simplified the branching requirements and imposed a 30-day review period, with a possible extension to 60 days. Also, the Bureau reduced the branch notice period given in its Weekly Information Bulletin from 20 days to 15 days and gives priority to applications of established, well-managed, and well-capitalized banks.

Before the above changes were implemented, the processing time for branch applications averaged about 30 to 35 days. Under the new law and new procedures, the application process ranges between 16 days to 30 days, unless extended. Applications of well-capitalized, well-managed, and established banks are processed immediately after the expiration of the 15-day notice published in the Bureau's Weekly Information Bulletin. Of course, another change that was welcomed by the industry was the reduction of the branch investigation fee from \$1,800 to \$900, and from \$1,000 to \$500 for branch relocations.

In 1999, the Bureau processed 1,314 applications from different financial institutions, compared with 1,295 in 1998. Seventy-one branch applications were filed by banks, compared with 103 in 1998.

BUREAU PROFILE

- **Name:** Jane D. Owen
- **Current Position and Years of Service:**
Principal Office Technician; 22 years
- **Main Responsibilities:**
Editing and Proofreading Bank Examination Reports; and point of contact in the office for the Bank examiners while they are traveling
- **Education and Professional Designations:**
Associate Degrees in Business Administration and Liberal Arts with emphasis in English
Elon College 1960
J. Sargeant Reynolds Community College 1990
- **Family:** Mother
- **Personal Interests:** Travel, Rock Collecting, and Gardening



While technology has turned typing into “word processing” and computer software can now help people spot many errors in a document, no examination report is ever sent to a bank until it passes the “Jane Owen Test.” For over the past twenty-two years, Jane has been the primary person responsible for ensuring that every bank examination report is free of grammatical and punctuation errors. Many Bureau employees rely on her if they have any question on what is considered proper usage of the English language. (Editor’s Note: Jane also reviews our Bank Newsletter for proper grammar and punctuation!!)

Among her other duties, Jane serves as the main point of contact for all of our Bank examiners who are frequently in travel status. If bankers call the Bureau to reach an examiner, they will usually end up talking with Jane, who then tracks down the examiner to relay the message. Jane says that she enjoys her involvement with the examiners on a regular basis, and she wishes she could get to know more of our bankers in Virginia.

Jane grew up in Halifax, Virginia and worked in retail banking before joining the Bureau in 1978. Jane is an avid rock collector and gardener. She enjoys following NASCAR events. She also enjoys traveling, primarily visiting lighthouses or going on “digs” (looking for rocks). Some of her more memorable trips included a week in upstate New York and two weeks in the Southwestern United States. Jane also has had some help with her rock collecting. She said “My co-workers are well trained; they bring me rocks and fossils from their trips, too.”

Jane also spends much of her time with her mother, who also lives in Richmond. Her mother is her only immediate family and they have taken many nice trips together to places such as Arizona, Florida, the Bahamas, and Nags Head.

RICHMOND FEDERAL RESERVE ASSISTS WITH TRAINING PROGRAM

Several Bureau examiners and applications investigators were recently joined by two Federal Reserve examiners for a Bank Holding Company Seminar. It was conducted by senior regulatory personnel from the Federal Reserve Bank of Richmond.



The Federal Reserve formerly conducted a separate Bank Holding Company (BHC) School; but over the last two years its content had been disbursed into several other examiner schools, and the BHC class was dropped.

Since the Bureau uses CSBS for most of its examiner training, Bureau Examiners were not exposed to BHC training. Virginia is home to about 10% of the country's total member bank population. There are a significant number of holding companies in Virginia, so the Bureau enjoys a constant working relationship with the Richmond Federal Reserve Bank in regulating at this level.

The Bureau contacted Charlotte Waldrop to ask if she would be willing to help us out with this project, and she agreed. The training Charlotte, B. J. Moss, Lin Gill, and Michael Riddle conducted for us was very helpful, and we thank them for helping us enhance our education process.

BUREAU TO MEET WITH BANK CHIEF EXECUTIVE OFFICERS

Throughout the remaining part of this year, Commissioner Face and senior Bureau staff will schedule "regional" meetings with bank CEO's to discuss issues of mutual interest including, but not limited to, Bureau's goals and objectives, examinations, economic developments, financial modernization, privacy, internet banking, etc.



Now that the Year 2000-Century Date Change is well behind us, and financial modernization is upon us, changes will continue in all areas of the financial services and regulatory arena.

The Bureau will hold the first such regional meeting in Abingdon, Virginia on June 8, 2000 for all Southwestern Virginia bank CEOs who are located in and west of Roanoke, Virginia. If you have not already registered, please call Mary Lou Kelly at 804-371-9659.



OTHER ITEMS OF INTEREST

Congratulations to **A. Pierce Stone** for his recent election as Vice President of the Independent Community Bankers Association.

Commissioner Face has been asked to serve and has accepted a second one-year term as a Director of the Conference of State Bank Supervisors.